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BIWEEKLY REPORT

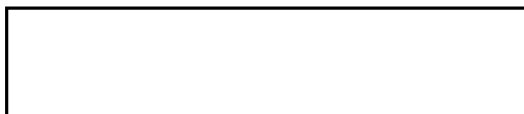
**SINO-SOVIET BLOC
ECONOMIC ACTIVITIES
IN UNDERDEVELOPED AREAS**

EIC-WGR-1/68

15 September 1958

PREPARED BY THE WORKING GROUP
ON SINO-SOVIET BLOC ECONOMIC ACTIVITIES
IN UNDERDEVELOPED AREAS

ECONOMIC INTELLIGENCE COMMITTEE



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Summary of Events
29 August - 11 September 1958

The Egyptian sector of the UAR recently concluded its fourth arms agreement with the USSR, and large numbers of Soviet aircraft, artillery, armor, and rockets reportedly will arrive in Egypt by 20 September.

An economic and technical cooperation agreement between East Germany and the UAR was concluded on 29 August, under the terms of which East Germany will extend a \$21.5-million credit for factories and heavy industrial equipment.

A Soviet offer to help Afghanistan with its civil aviation program by providing modern aircraft, constructing airports, and training Afghan airport personnel will probably not be accepted at this time. It is also unlikely that a Soviet offer to Libya of financial assistance, technicians, and capital goods for petroleum exploration will be favorably considered by the government.

Cambodia has accepted from Communist China a grant of \$5.6 million in addition to the \$22.4-million grant received under the 1956 agreement. An offer of a military grant was refused.

The USSR has refused to deliver 200,000 metric tons of wheat to Yugoslavia which were scheduled for shipment under the 1958 Soviet-Yugoslav trade agreement. It is also reported that shipments of Soviet coal have been stopped. This is the second action taken within the last few months by the USSR in its campaign of economic harassment of Yugoslavia, the first being the suspension in May of \$244 million in credits which had previously been negotiated.

The development of mineral resources in underdeveloped countries of the Free World is becoming an increasingly important form of Sino-Soviet Bloc economic and technical assistance. Thus far most of this assistance has been for preliminary stages of mineral development. Geological surveys are either under way or scheduled

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to begin soon in Egypt, Syria, Yemen, Afghanistan, and Ceylon. Offers of financial and technical aid for mineral development are under consideration in Yemen, Cambodia, Burma, and Indonesia. Bloc countries are also providing assistance to coal development programs in India, Afghanistan, and Argentina.

[An unclassified table showing selected Bloc developmental projects in underdeveloped countries of the Free World is to be found on p. 11. A number of projects identified only in classified documents have been omitted. A summary table, also unclassified, showing Bloc economic credits and grants follows on p. 18.]

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